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Office Memorandum • UNITED STATES GOVERNMENT

INT 638/1

THE DIRECTOR

DATE: April 16, 1946

FROM : D. M. Ladd

SUBJECT:

In accordance with your instructions, I attended a meeting of the Central Intelligence Group of the National Intelligence Authority in the new War Department Building at 2:00 PM, April 16, 1946. Present at the meeting, which was presided over by Colonel Cunningham, were Fred Lyon, Colonel Nicholas, Colonel Fortier and three or four others whose names I did not get. They advised that this meeting was strictly exploitory and was not for the purpose of making any recommendations or any policy. They first discussed the question of the value of the X-2 Unit of the SSU. They asked Fred Lyon whether this unit was of any value to the State Department. Fred Lyon said that it was used in that its records were checked in connection with applications for visas in foreign countries. They then inquired about the FBI's SIS operations. I described to them the operations of the Bureau's SIS activities, the manner in which we got into SIS and the Delimitation Agreement under which we functioned. I also pointed out to them that we were out of this field entirely as of June 30 inasmuch as we had no appropriations to continue this function. The Committee inquired as to whether the FBI was making a fight to have this money included in its appropriation. I told them that we were not making any such fight by reason of the fact that we had never been approached to continue our SIS operations and as far as the FBI knew, we were definitely out of the picture on June 30.

At this point, Tom Cullen stated he wanted to advise the Committee the conference he had had with you on April 15, at which time he had learned that the Appropriations Committee had gone to the White House and had been advised by the White House that the three million dollars requested by the FBI should not be approved for its appropriation inasmuch as the FBI was not to operate in the foreign field but that rather the White House desired that the four million dollars requested by Colonel McCormick's organization should be approved inasmuch as Colonel McCormick's group was the eyes and the ears of the White House.

Colonel Cunningham stated that the President was misinformed and that it was up to the Central Intelligence Group to approach the President and advise him that it was the desire of the Central Intelligence Group for the FBI to continue its foreign operations. Colonel Cunningham indicated that he would see this was handled promptly. I pointed out that any attempt to obtain a supplemental appropriation for intelligence operation would necessarily result in great public loss in the entire operation and the necessity for any public knowledge of the Bureau's operating in South America would never arise. They inquired about the FBI's views on World Intelligence. I pointed out to them that the FBI was of the opinion that it would have been very simple to have coordinated operations of the intelligence agency to a worldwide basis by merely extending the directive under which G-2, ONI and the FBI were presently operating in South America, that this system had been found to work very effectively without any duplication and without any friction and had produced results. Colonel Fortier suggested that an immediate effort should be made for the Bureau to continue in its SIS work for the fiscal

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year ending June 30, 1947, and that would give the National Intelligence Agency an opportunity to map its plans. Tom Cullen and I both pointed out that the FBI was not going to function as any stop gap for a short period of time, that the FBI had gone through the problem of demobilization in December when its funds expired and at the last minute had done a "Paul Revere" when funds were finally approved for another six months, that we were now going through a period of demobilization by reason of lack of appropriation and lack of authority to function beyond June 30, that the National Intelligence Authority should make immediate plans as to what they wanted done and what agency they were including in their program for a world wide intelligence. I pointed out to the that it was not believed advisable to attempt to divide the responsibility with one agency handling intelligence coverage in the Western Hemisphere and another agency handling coverage for the rest of the world; that it was your view that one agency should have world responsibility. I pointed out to the Committee that the FBI was not asking for this assignment, that my purpose in appearing before the Committee and sitting as a member of the Committee was merely to advise them of the FBI's operations in the past and of its views with reference to the intelligence program. I pointed out that to date apparently no one had been requested or instructed to cover the intelligence field and that I thought it was time that the National Intelligence Authority decided on a program and put it into operation, that in the event the FBI was included in that program it would be necessary for the National Intelligence Authority to take the matter up with you inasmuch as I was not sure that you would even be interested in such a responsibility in view of the uncertainty which has attached itself to the whole picture. Colonel Cunningham pointed out that he recognized this and that, of course, you as a member of the Advisory Committee would have to approve any such recommendation were it made.

The meeting adjourned at 4:30 PM and is scheduled to again meet at 11:00 AM tomorrow morning. In accordance with your instructions, I will attend this meeting at that time.

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